



0000095454

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

2009 APR 15 P 4: 16

KRISTEN K. MAYES, Chairman
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AZ CORP COMMISSION
 DOCKET CONTROL

Arizona Corporation Commission
 DOCKETED

APR 15 2009

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF)
 GRAHAM COUNTY UTILITIES GAS DIVISION)
 INC. FOR A RATE INCREASE)
)
)
)

DOCKET NO. G-02527A-09-0088

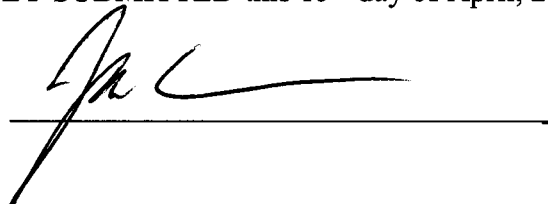
On February 26, 2009, Graham County Utilities, Inc. ("GCU") filed its rate case application in this docket. On March 30, 2009, Arizona Corporation Commission Staff issued a letter of insufficiency with a list of deficiencies. As a result of discussions with Staff on case sufficiency issues, the following rate case schedules have been revised: A-1, A-4, B-1, B-2, B-5, E-1, E-7, F-3, G-1, G-2, G-3, G-4 and G-6. None of the revisions to these schedules has resulted in a change to GCU's recommended revenue requirement that it has filed in its original rate case application. The major revisions to these schedules are described in more detail below.

- * Revised Schedule B-5 - GCU's has corrected the amount of Materials and Supplies to include an amount of \$91,067 on this schedule. Since this amount is used in the calculation of GCU's Rate Base, the amount of GCU's rate base increased to \$2,114,518. Schedules A-1, B-1, G-1, G-2, G-4 and G-6 have been revised to reflect the Rate Base amount of \$2,114,518. G-6 has also been revised to include the \$67,270 of Customer Deposits.

- * Revised Schedule A-4 - GCU revised reference at the bottom of page to E-5A.
- * Revised Schedule B-2 - GCU has included the amount of \$42,522 for intangible plant at the top of this schedule.
- * Revised Schedule E-1 - GCU has included a reconciliation calculation of Plant and Depreciation Expense at the bottom of this schedule.
- * Revised Schedule E-7 - GCU deleted reference at the bottom of page to E-7-1.
- * Revised Schedule F-3 - GCU revised General Plant and added Construction Work in Progress ("CWIP") which also changed the Totals on this schedule.
- * Revised Schedule G-3 - Numerous amounts were slightly revised on this schedule.

RESPECTFULLY SUBMITTED this 15th day of April, 2009.

By



John V. Wallace
Grand Canyon State Electric Cooperative Assn., Inc.
Consultant for Graham County Electric Cooperative, Inc.

Original and thirteen (13) copies filed
this 15th day of April, 2009, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

REVISED SCHEDULE A-1

PAGE 1 of 1

Date: April 15, 2009

GRAHAM COUNTY UTILITIES, INC. - GAS
COMPUTATION OF INCREASE IN
GROSS REVENUE REQUIREMENTS
TEST FISCAL YEAR SEPTEMBER 30, 2008

Line		Present	Proposed
<u>No.</u>	<u>Description</u>	<u>Rates</u>	<u>Rates</u>
		<u>(b)</u>	<u>(d)</u>
1	Revenues	3,766,051	4,282,784
2	Operating Expense and Interest	4,013,676	4,013,676
3	Operating Margins	(247,625)	269,108
4	Non-Operating Margins	11,900	11,900
5	Operating TIER	(0.85)	3.01
6	Net TIER	(0.76)	3.10
7	Rate Base (a)	2,114,518	2,114,518
8	% Return on Rate Base	-11.15%	13.29%
9	Requested Increase in Revenues (c)		516,733
10	% Increase		13.72%
		<u>(c)</u>	<u>(c)</u>
	RESIDENTIAL	2,759,417	3,197,875
	IRRIGATION	5,493	5,790
	COMMERCIAL	979,622	1,021,355
	TOTAL	3,744,531	4,225,020
	OTHER GAS REVENUE	21,520	57,764
		3,766,051	4,282,784

SUPPORT SCHEDULES:

(a) B-1 (c) H-1

(b) C-1 (d) A-2

REVISED SCHEDULE A-4

PAGE 1 of 1

Date: April 15, 2009

**GRAHAM COUNTY UTILITIES, INC. - GAS
CONSTRUCTION EXPENDITURES AND GROSS UTILITY PLANT IN SERVICE
TEST FISCAL YEAR SEPTEMBER 30, 2008**

<u>YEAR</u>	NET PLANT ADDITIONS (a)	GROSS UTILITY PLANT IN SERVICE
Test Year Ended 12/31/03		3,023,277
Test Year Ended 9/30/04	68,598	3,091,875
Test Year Ended 9/30/05	109,923	3,201,798
Test Year Ended 9/30/06	148,733	3,350,531
Test Year Ended 9/30/07	187,118	3,537,649
Test Year Ended 9/30/08 (b)	320,109	3,857,758
Projected Year Ended 9/30/09	135,000	3,992,758
Projected Year Ended 9/30/10	135,000	4,127,758
Projected Year Ended 9/30/11	135,000	4,262,758

SUPPORT SCHEDULES:

(a) F-3

(b) E-5A

REVISED SCHEDULE B-1

Page 1 of 1

Date: April 15, 2009

**GRAHAM COUNTY UTILITIES, INC. - GAS
TEST FISCAL YEAR SEPTEMBER 30, 2008
SUMMARY OF ORIGINAL COST**

	ORIGINAL COST RATE BASE
DISTRIBUTION AND INTANGIBLES	
INTANGIBLE PLANT	42,522
GROSS PLANT	3,620,759
ACCUMULATED DEPRECIATION	(1,768,202)
NET DISTRIBUTION PLANT	1,895,079
 <u>GENERAL & INTANGIBLE</u>	
GROSS PLANT	194,477
ACCUMULATED DEPRECIATION	(121,157)
NET GENERAL PLANT	73,320
 <u>TOTAL</u>	
GROSS PLANT	3,815,236
ACCUMULATED DEPRECIATION	(1,889,359)
NET TOTAL PLANT	1,968,399
 <u>PLUS:</u>	
CONSTRUCTION WORK IN PROGRESS	101,760
MATERIALS AND SUPPLIES	91,067
PREPAYMENTS	20,562
 <u>LESS:</u>	
CONSUMER DEPOSITS	67,270
	2,114,518
	Recap :
	A-1

REVISED SCHEDULE B-2

Page 1 of 1

Date: April 15, 2009

GRAHAM COUNTY UTILITIES, INC. - GAS
ORIGINAL COST RATE BASE
PROFORMA ADJUSTMENTS
TEST FISCAL YEAR SEPTEMBER 30, 2008

	ACTUAL AT END OF TEST YEAR 9/30/08 (a)	PROFORMA ADJUSTMENTS 9/30/08	ADJUSTED AT END OF TEST YEAR 9/30/08 (b)
INTANGIBLE PLANT (Organization Expe	42,522		42,522
<u>DISTRIBUTION:</u>			
GROSS PLANT	3,620,759	-	3,620,759
ACCUMULATED DEPRECIATION	(1,768,202)	-	(1,768,202)
NET PLANT	1,852,557	-	1,852,557
<u>GENERAL & INTANGIBLE</u>			
GROSS PLANT	236,999	-	236,999
ACCUMULATED DEPRECIATION	(121,157)	-	(121,157)
NET PLANT	115,842	-	115,842
<u>TOTAL</u>			
GROSS PLANT	3,857,758	-	3,857,758
ACCUMULATED DEPRECIATION	(1,889,359)	-	(1,889,359)
NET PLANT	1,968,399	-	1,968,399

SUPPORT SCHEDULES:

(a) E-5

Recap :

B-1

REVISED SCHEDULE E-1

Page 1 of 1

Date: April 15, 2009

**GRAHAM COUNTY UTILITIES, INC. - GAS
COMPARATIVE BALANCE SHEET
TEST FISCAL YEAR SEPTEMBER 30, 2008**

	TEST YEAR ENDED 9/30/08	PRIOR YEARS ENDED 9/30/07	ENDED 9/30/06
ASSETS:			
UTILITY PLANT IN SERVICE	3,597,916	3,277,807	3,090,689
CONSTRUCTION WORK IN PROGRESS (a)	101,760	17,984	21,026
PLANT ACQUISITION ADJUSTMENT	415,484	415,484	415,484
TOTAL UTILITY PLANT	4,115,160	3,711,275	3,527,199
ACCUMULATED DEPRECIATION	2,070,451	1,940,945	1,823,740
NET UTILITY PLANT	2,044,709	1,770,330	1,703,459
INVESTMENTS IN ASSOCIATED ORGANIZATIONS	135,593	139,355	143,693
CURRENT ASSETS:			
CASH	-	10,330	-
ACCOUNTS RECEIVABLE (NET)	57,220	80,176	78,982
UNDERBILLED CONSUMERS FUEL COST	32,417	-	-
MATERIALS AND SUPPLIES	91,067	84,695	65,567
OTHER CURRENT AND ACCRUED ASSETS	20,562	35,952	31,169
	201,266	211,153	175,718
OTHER ASSETS - DEFERRED DEBITS	19,015	23,926	28,837
	2,400,583	2,144,764	2,051,707
LIABILITIES AND EQUITY:			
MEMBERSHIPS	28,129	28,180	27,445
PATRONAGE CAPITAL	125,783	234,158	100,534
TOTAL EQUITY (b)	153,912	262,338	127,979
NOTE PAYABLE - GCEC	14,607	56,335	95,096
CFC NOTES PAYABLE	1,113,729	1,221,807	1,309,580
TOTAL LONG-TERM DEBT	1,128,336	1,278,142	1,404,676
CURRENT LIABILITIES:			
Current Maturities of Long-Term Debt	148,128	123,361	113,904
Accounts Payable - Other	103,777	70,330	97,297
Accounts Payable - GCEC	750,751	16,156	77,955
Accounts Payable - Water Department	-	160,862	28,050
Overbilled Consumers Fuel Cost	-	113,137	76,809
Accrued Taxes	35,549	37,568	36,501
Customers' Deposits and Prepayments	67,270	69,875	72,830
Accrued Interest	12,860	12,995	14,935
Accrued Payroll	-	-	771
Total Current Liabilities	1,118,335	604,284	519,052
	2,400,583	2,144,764	2,051,707

SUPPORT SCHEDULES:

(a) E-5
(b) E-4

RECAP SCHEDULES:

(c) A-3 (d) B-5

RECONCILIATION TO GENERAL LEDGER	PLANT	DEPRECIATION	NET
Per General Ledger	4,013,400	2,070,451	1,942,949
Less: Acquisition Adjustment	(415,485)	(315,768)	(99,717)
Plus: Portion Of Acq. Adj. Used For Plant (1)	259,843	134,676	125,167
NET	3,857,758	1,889,359	1,968,399

Date: April 15, 2009

**GRAHAM COUNTY UTILITIES, INC. - GAS
OPERATING STATISTICS
TEST FISCAL YEAR SEPTEMBER 30, 2008**

<u>GAS STATISTICS (a)</u>	<u>TEST YEAR ENDED 9/30/08</u>	<u>PRIOR YEAR ENDED 9/30/07</u>	<u>PRIOR YEAR ENDED 9/30/06</u>
<u>THERMS SOLD</u>			
RESIDENTIAL	2,054,499	2,084,626	1,811,937
IRRIGATION	4,651	7,836	21,655
COMMERCIAL	874,268	869,347	782,368
TOTALS	2,933,418	2,961,809	2,615,960
<u>AVERAGE NUMBER OF CUSTOMERS</u>			
RESIDENTIAL	4,802	4,705	4,603
IRRIGATION	7	10	12
COMMERCIAL	252	247	244
TOTALS	5,060	4,962	4,859
<u>AVERAGE THERM USE</u>			
RESIDENTIAL	428	443	394
IRRIGATION	698	758	1,805
COMMERCIAL	3,469	3,520	3,211
TOTALS	4,595	4,721	5,409
AVERAGE ANNUAL REVENUE PER RESIDENTIAL CUSTOMER	554	578	630

SUPPORTING SCHEDULES:**(a) FORM 7 FOR RESPECTIVE YEARS**

Date: April 15, 2009

**GRAHAM COUNTY UTILITIES, INC. - GAS
PROJECTED CONSTRUCTION REQUIREMENTS
TEST FISCAL YEAR SEPTEMBER 30, 2008**

	ACTUAL TEST YEAR ENDED	PROJECTED YEAR ENDED	YEAR ENDED	YEAR ENDED
PROPERTY CLASSIFICATION:	9/30/2008	9/30/2009	9/30/2010	9/30/2011
DISTRIBUTION PLANT	241,102	125,000	125,000	125,000
GENERAL PLANT	79,007	10,000	10,000	10,000
TOTAL PLANT IN SERVICE	320,109	135,000	135,000	135,000
ADDITIONS TO CWIP	83,776			
TOTAL PLANT (a)	403,885	135,000	135,000	135,000

SUPPORTING SCHEDULES:RECAP SCHEDULES:

(a) F-2 & A-4

Date: April 15, 2009

GRAHAM COUNTY UTILITIES, INC. - GAS
COST OF SERVICE SUMMARY - PRESENT RATES
TEST FISCAL YEAR SEPTEMBER 30, 2008

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>IRRIGATION</u>
Operating Revenues	3,766,051	2,779,836	980,695	5,520
<u>Operating Expenses:</u>				
Purchased Gas	2,398,789	1,680,048	714,930	3,811
Distribution Expense - Operations	246,295	199,208	46,276	811
Distribution Expense - Maintenance	278,580	218,357	59,501	722
Customer Account Expense	271,842	254,187	17,158	497
Administrative & General Expense	462,493	393,472	67,959	1,062
Depreciation	120,070	99,091	20,528	451
Property Taxes	34,376	24,334	10,026	16
Tax Expense - Other	53,894	45,851	7,919	124
Interest Expense -Other	14,126	13,404	704	18
Total Operation Expenses	3,880,465	2,927,952	945,001	7,512
Operating Income (Loss)	(114,414)	(148,116)	35,694	(1,992)
Rate Base	2,114,518	1,736,884	369,968	7,666
% Return - Present Rates	-5.41%	-8.53%	9.65%	-25.99%
Return Index	1.00	1.58	(1.78)	4.80
Allocated Interest - Long-Term	134,046	110,107	23,453	486
Operating TIER - Present Rates	(0.85)	(1.35)	1.52	(4.10)

GRAHAM COUNTY UTILITIES, INC. - GAS
COST OF SERVICE SUMMARY - PROPOSED RATES
TEST FISCAL YEAR SEPTEMBER 30, 2008

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>IRRIGATION</u>
Operating Revenues	4,282,784	3,252,683	1,024,235	5,865
<u>Operating Expenses:</u>				
Purchased Gas	2,398,789	1,680,048	714,930	3,811
Distribution Expense - Operations	246,295	199,208	46,276	811
Distribution Expense - Maintenance	278,580	218,357	59,501	722
Customer Account Expense	271,842	254,187	17,158	497
Administrative & General Expense	462,493	393,472	67,959	1,062
Depreciation	120,070	99,091	20,528	451
Property Taxes	34,376	24,334	10,026	16
Tax Expense - Other	53,894	45,851	7,919	124
Interest Expense -Other	14,126	13,404	704	18
Total Operation Expenses	3,880,465	2,927,952	945,001	7,512
Operating Income (Loss)	402,319	324,731	79,234	(1,647)
Rate Base	2,114,518	1,736,884	369,968	7,666
% Return - Proposed Rates	19.03%	18.70%	21.42%	-21.48%
Return Index	1.00	0.98	1.13	(1.13)
Allocated Interest - Long-Term	134,046	110,107	23,453	486
Operating TIER - Proposed Rates	3.00	2.95	3.38	(3.39)

Date: April 15, 2009

GRAHAM COUNTY UTILITIES, INC. - GAS
TEST FISCAL YEAR SEPTEMBER 30, 2008
UNIT COSTS

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>IRRIGATION</u>
<u>UNIT COSTS - PRESENT RATES:</u>				
<u>DEMAND</u>				
Amount	402,766	320,340	81,909	517
Bills	60,728	57,621	3,028	79
Therms	2,933,418	2,054,499	874,268	4,651
Per Bill	6.63	5.56	27.05	6.55
Per Therms	0.1373	0.1559	0.0937	0.1112
<u>COMMODITY:</u>				
Amount	2,268,994	1,589,152	676,245	3,598
Per Therms	0.8177	0.8177	0.8177	0.8177
<u>CUSTOMER:</u>				
Amount	1,094,291	870,344	222,541	1,405
Per Bill	18.02	15.10	73.49	17.79
<u>UNIT COSTS - PROPOSED RATES:</u>				
<u>DEMAND</u>				
Amount	541,787	430,910	110,181	696
Per Bill	52.67	7.48	36.39	8.81
Per Therms	0.4854	0.2097	0.1260	0.1496
<u>COMMODITY:</u>				
Amount	2,268,994	1,589,152	676,245	3,598
Per Therms	0.8177	0.8177	0.8177	0.8177
<u>CUSTOMER:</u>				
Amount	1,472,002	1,170,757	299,355	1,890
Per Bill	143.11	20.32	98.86	23.93

**GRAHAM COUNTY UTILITIES, INC. - GAS
TEST FISCAL YEAR SEPTEMBER 30, 2008
ALLOCATION OF RATE BASE**

		<u>CONSUMER CLASS</u>			
<u>DESCRIPTION</u>	<u>FACTOR</u>	<u>TOTAL</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>IRRIGATION</u>
<u>GROSS PLANT IN SERVICE:</u>					
Demand	D-1	952,540	674,297	277,798	445
Commodity	CM-1	-			
Customer - Weighted	C-1	2,905,218	2,497,748	393,772	13,698
Customer - Unweighted	C-2	-			
Total		3,857,758	3,172,045	671,570	14,143
<u>ACCUMULATED DEPRECIATION:</u>					
Demand	D-1	466,512	330,241	136,053	218
Commodity	CM-1	-			
Customer - Weighted	C-1	1,422,847	1,223,286	192,852	6,709
Customer - Unweighted	C-2	-			
Total		1,889,359	1,553,527	328,905	6,927
<u>NET PLANT IN SERVICE</u>		1,968,399	1,618,518	342,665	7,216
<u>CWIP:</u>					
Demand	D-1	25,127	17,787	7,328	12
Commodity	CM-1	-			
Customer - Weighted	C-1	76,633	65,885	10,387	361
Customer - Unweighted	C-2	-			
Total		101,760	83,672	17,715	373
<u>WORKING CAPITAL:</u>					
Demand	D-1	26,203	18,549	7,642	12
Commodity	CM-1	-	-	-	-
Customer - Weighted	C-1	79,412	68,274	10,764	374
Customer - Unweighted	C-2	6,014	5,706	300	8
Total		111,629	92,529	18,706	394
<u>LESS:</u>					
CONSUMER DEPOSITS	C-1	67,270	57,835	9,118	317
TOTAL RATE BASE		2,114,518	1,736,884	369,968	7,666
<u>RECONCILIATION</u>					
TOTAL RATE BASE (from G-6)		2,181,788			
CONSUMER DEPOSITS	C-1	67,270			
		2,114,518			

GRAHAM COUNTY UTILITIES, INC. - GAS
TEST FISCAL YEAR SEPTEMBER 30, 2008
FUNCTION OF RATE BASE COMPONENTS

DESCRIPTION	FACTOR	TOTAL	FUNCTION	SPECIFIC	DEMAND	COMMODITY	CUST. - WT	CUST.
GROSS UTILITY PLANT IN SERVICE								
<u>Distribution Plant:</u>								
Distribution Mains	F-3	1,765,026	1,765,026	882,513			882,513	
Org. & Land & Land Rights	F-3	44,016	44,016	22,008			22,008	
Services	F-4	792,695	792,695				792,695	
Meters & Regulators	F-5	1,061,544	1,061,544				1,061,544	
Total Distribution Plant	F-7	3,663,281	3,663,281	-	904,521	-	2,758,760	-
Percent		100.00%	100.00%	0.00%	24.69%	0.00%	75.31%	0.00%
<u>General Plant:</u>								
Structures & Improvements		3,309	3,309	817			2,492	
Office Equipment		2,750	2,750	679			2,071	
Transportation Equipment		-	-	-			-	
Tools & Shop Equipment		124,531	124,531	30,749			93,782	
Power Operated Equipment		63,887	63,887	15,775			48,112	
Total General Plant	F-7	194,477	194,477	-	48,019	-	146,458	-
Percent		100.00%	100.00%	0.00%	24.69%	0.00%	75.31%	0.00%
GROSS PLANT IN SERVICE								
PERCENT		3,857,758	3,857,758	-	952,540	-	2,905,218	-
<u>ACCUMULATED DEPRECIATION:</u>								
Distribution Plant	F-7	1,768,202	1,768,202	-	436,596	-	1,331,605	-
General Plant	F-7	121,157	121,157	-	29,916	-	91,241	-
Total Accumulated Depreciation		1,889,359	1,889,359	-	466,512	-	1,422,847	-
CWIP		101,760	101,760	25,126			76,634	
<u>WORKING CAPITAL:</u>								
Materials & Supplies Inventory	F-7	91,067	91,067	20,670			70,397	-
Prepays	F-9	20,562	20,562	5,532			9,016	6,014
Consumer Deposits		67,270	67,270				67,270	
Total Working Capital		44,359	44,359	-	26,202	-	146,683	6,014
TOTAL RATE BASE		2,114,518	2,012,758	101,760	537,357	-	1,705,688	6,014